

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AID-05 CEA-01 CIAE-00
COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02
SIL-01 AGRE-00 OMB-01 USIE-00 L-03 OIC-02 STR-04
OES-07 INRE-00 SSO-00 XMB-02 /097 W
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O 151930Z JUN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 4179

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USOECD

EO 11652: N/A

TAGS: ECIN OECD

SUBJECT: OECD MINISTERIAL: DRAFT COMMUNIQUE

1. OECD SECRETARIAT DISTRIBUTED DRAFT COMMUNIQUE FOR JUNE 23-24 MINISTERIAL LATE ON JUNE 15. THIS TEXT WILL RECEIVE INITIAL DISCUSSION AT HEADS OF DEL MEETING JUNE 16. TOPICS ADDRESSED IN DRAFT INCLUDE DEVELOPMENT COOPERATION, ENERGY, COMMODITIES AND TRADE (INCLUDING TRADE PLEDGE RENEWAL). TEXT DOES NOT CONTAIN DISCUSSION OF MEDIUM-TERM ECONOMIC STRATEGY OR WORLD MACRO-ECONOMIC TRENDS. THIS SECTION OF THE TEXT IS TO BE COMPLETED AFTER THE EPC DISCUSSION WHICH IS STILL IN PROGRESS.

BEGIN TEXT:

PREPARATIONS FOR MEETING OF COUNCIL
AT MINISTERIAL LEVEL

AGENDA ITEM 5
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DRAFT COMMUNIQUE

1. THE COUNCIL OF THE ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT MET AT MINISTERIAL LEVEL ON 23RD JUNE, UNDER THE CHAIRMANSHIP OF THE HONOURABLE ANDREW PEACOCK, M.P., AUSTRALIAN MINISTER FOR FOREIGN

AFFAIRS, AND ON 24TH JUNE WITH THE RIGHT HONOURABLE PHILIP LYNCH, M.P., AUSTRALIAN TREASURER, IN THE CHAIR. MINISTERS REVIEWED THE RESULTS OF THE CONFERENCE ON INTERNATIONAL ECONOMIC CO-OPERATION AND DISCUSSED LONGER-TERM ASPECTS OF INTERNATIONAL DEVELOPMENT CO-OPERATION. MINISTERS THEN ADOPTED THE DECLARATION ON RELATIONS WITH DEVELOPING COUNTRIES ANNEXED TO THIS COMMUNIQUE. MINISTERS DISCUSSED THE PROBLEMS OF WORLD ECONOMIC INTERDEPENDENCE. THEY REVIEWED PROGRESS UNDER THE STRATEGY FOR SUSTAINED ECONOMIC EXPANSION ADOPTED AT THEIR MEETING IN JUNE 1976 AND (TO BE COMPLETED AFTER EPC DISCUSSION).

DEVELOPMENT CO-OPERATION

2. MINISTERS AGREED ON THE NEED FOR A RE-EXAMINATION OF THE OBJECTIVES OF DEVELOPMENT CO-OPERATION POLICY, TAKING INTO ACCOUNT CHANGES IN THE WORLD ECONOMY LIKELY TO OCCUR OVER THE NEXT DECADE, INCLUDING THE CONTINUING EMERGENCE OF RAPIDLY GROWING NEW ECONOMIES COINCIDING WITH THE PERSISTENCE OF UNACCEPTABLE LEVELS OF POVERTY AND UNEMPLOYMENT IN MUCH OF THE DEVELOPING WORLD. THEY REAFFIRMED THE IMPORTANCE OF CLOSE COLLABORATION AND STRENGTHENED CO-ORDINATION WITHIN THE OECD TO ASSIST MEMBER GOVERNMENTS TO PREPARE FOR SPECIFIC DISCUSSIONS WITH THE DEVELOPING COUNTRIES IN THE VARIOUS INTERNATIONAL FORA.

ENERGY

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3. MINISTERS RECOGNIZED THAT AN IMBALANCE BETWEEN WORLD ENERGY SUPPLY AND DEMAND, WHICH COULD OCCUR AS EARLY AS THE 1980S, WOULD HAVE SEVERE ECONOMIC, SOCIAL AND POLITICAL REPERCUSSIONS IN OECD COUNTRIES AND THROUGHOUT THE WORLD. THEY EXPRESSED THEIR DETERMINATION TO AVOID THAT SITUATION BY STRONGER ACTION TO CONSERVE ENERGY AND DEVELOP ALTERNATIVE SOURCES OF ENERGY AND BY INCLUDING SOUND ENERGY POLICIES IN THEIR OVERALL ECONOMIC POLICY.

COMMODITIES

4. MINISTERS NOTED THE IMPORTANCE OF CONTINUING DISCUSSIONS ON COMMODITIES AND ENDORSED THE AGREEMENT REACHED IN THE CIEC TO ESTABLISH A COMMON FUND WITH THE SPECIFIC PURPOSES, OBJECTIVES AND OTHER CONSTITUENT ELEMENTS TO BE FURTHER NEGOTIATED IN UNCTAD, AND THE WILLINGNESS DECLARED AT THE CONFERENCE TO MAKE ALL

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SIL-01 AGRE-00 OMB-01 USIE-00 L-03 OIC-02 STR-04
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EFFORTS FOR THE SUCCESS OF ON-GOING NEGOTIATIONS
WITHIN UNCTAD ON COMMODITIES. THEY INVITED THE
ORGANIZATION TO INTENSIFY ITS WORK IN THE FIELD OF
COMMODITIES IN ORDER TO ASSIST MEMBER COUNTRIES IN
THESE EFFORTS, AND TO EXAMINE OTHER ISSUES RELATED
TO THE PROPER MANAGEMENT OF WORLD ECONOMIC INTER-
DEPENDENCE.

TRADE

5. MINISTERS NOTED WITH CONCERN THAT PERSISTENT HIGH
LEVELS OF UNEMPLOYMENT AND DIFFICULTIES IN CERTAIN
SECTORS HAVE INCREASED PROTECTIONIST PRESSURES. THEY
AGREED THAT THE PRESENT ECONOMIC SITUATION TOGETHER
WITH THE INCREASING INTERDEPENDENCE OF OECD ECONOMIES
REINFORCED THE NEED FOR A RENEWED POLITICAL COMMITMENT
TO AVOID RESTRICTIVE UNILATERAL TRADE AND CURRENT
ACCOUNT MEASURES AND THE ARTIFICIAL STIMULATION OF
EXPORTS; MEASURES OF THIS KIND WOULD CARRY THE RISK
OF PROLIFERATION WITH SELF-DEFEATING RESULTS. THEY
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ALSO AGREED THAT SUCH A COMMITMENT AND RELATED DISCIPLINES WERE AN IMPORTANT ELEMENT OF THE STRATEGY FOR SUSTAINED NON-INFLATIONARY ECONOMIC GROWTH IN THE OECD AREA. MINISTERS EMPHASIZED THAT RECOURSE TO PROTECTIONIST POLICIES WOULD FOSTER UNEMPLOYMENT, INCREASE INFLATION AND REDUCE ECONOMIC WELFARE.

6. MEMBER GOVERNMENTS THEREFORE DECIDED TO REVIEW, FOR A FURTHER YEAR, THEIR TRADE DECLARATION OF 30TH MAY, 1974. THEY AGREED THAT FULL USE SHOULD BE MADE OF THE EXISTING POSSIBILITIES FOR CONSULTATION IN ORDER TO FIND AND IMPLEMENT MULTILATERALLY ACCEPTABLE SOLUTIONS TO TRADE PROBLEMS IN A MANNER WHICH WOULD TAKE INTO ACCOUNT THE INTERESTS OF ALL CONCERNED; EVERY EFFORT SHOULD BE MADE IN PARTICULAR TO IDENTIFY AND CONSULT ON SECTORAL PROBLEMS BEFORE THEY ASSUMED CRITICAL PROPORTIONS.

7. MINISTERS ALSO DISCUSSED THE MERITS OF DIFFERENT APPROACHES TO THE PROBLEMS OF HOLDING PROTECTIONISM IN CHECK. THEY THEREFORE INVITED THE ORGANIZATION TO REVIEW AND ANALYZE THE CHANGES IN PRODUCTION AND TRADING PATTERNS IN THE WORLD ECONOMY, BEARING IN MIND THE ESSENTIALLY TRANSITORY NATURE OF THE DIFFICULTIES RESULTING FROM THE SEVERITY OF THE RECENT RECESSION, THE MODERATE PACE OF RECOVERY AND STRUCTURAL ADJUSTMENTS TO HIGHER ENERGY PRICES.

8. MINISTERS WELCOMED THE PROGRESS ACHIEVED IN MULTILATERAL CO-OPERATION CONCERNING EXPORT CREDITS AND UNDERLINED THE NEED FOR FURTHER EFFORTS TO EXTEND AND CONSOLIDATE THE CONSENSUS ON GUIDELINES FOR THE EXTENSION OF OFFICIALLY SUPPORTED EXPORT CREDITS.

9. MINISTERS REAFFIRMED THAT IT WAS ESSENTIAL TO MAINTAIN AN OPEN AND MULTILATERAL TRADING SYSTEM AS LIMITED OFFICIAL USE

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A BASIC ELEMENT IN THE OVERALL APPROACH TO THE ECONOMIC PROBLEMS WITH WHICH THEIR COUNTRIES WERE CONFRONTED. IN THIS CONNECTION, THEY STRESSED THE IMPORTANCE OF GIVING IMPETUS TO THE MULTILATERAL TRADE NEGOTIATIONS WITH THE OBJECTIVE OF MAKING SUBSTANTIVE PROGRESS IN KEY AREAS IN 1977, AND ACHIEVING AGREEMENT OVER THE RANGE OF ISSUES AS RAPIDLY AS POSSIBLE. END TEXT.
KATZ

2. IF WASHINGTON CAN PROVIDE US PRELIMINARY COMMENTS FOR JUNE 16 HEADS OF DEL MEETING THEY WOULD OF COURSE

BE WELCOME. WE SHOULD HAVE ANY SUCH COMMENTS BY
OPENING OF BUSINESS THURSDAY.
KATZ

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